



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011  
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]	Hospital, Medical & Dental Service or Indemnity [ ]		
	Dental Service Corporation [ ]		Vision Service Corporation [ ]	Health Maintenance Organization [ X ]		
	Other [ ]		Is HMO, Federally Qualified? Yes [ ] No [ X ]			
Incorporated/Organized	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number)		(City, State and Zip Code)			
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.priority-health.com					
Statutory Statement Contact	Kristy Lynn Shoemaker		616-464-8926			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	kristy.shoemaker@priorityhealth.com		616-942-7916			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Mary Anne Jones #	Interim Treasurer
Kimberly L Thomas	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Craig Bethune	Richard C Breon	Georgia Fojitasek	Michael Freed
Rajesh Kothari	Lynne Liddle	Peter Lundeen	Christina MacInnes
Edward Millermaier	Edward Ness #	Kathleen Ponitz	Robert Roth
Paul Saginaw	Thomas Schwaderer	Dale Sowders	James Stephanak
Gary Timmer #	Jody Vanderwel	Wendy Walker #	Samuel Wanner

State of Michigan  
County of Kent SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn President / Chief Executive Officer	Mary Anne Jones Interim Treasurer	Kimberly L Thomas Secretary
a. Is this an original filing? Yes [ X ] No [ ]		
b. If no,		
1. State the amendment number		
2. Date filed		
3. Number of pages attached		
Catherine H Sochanek, Executive Administrative Assistant 05/12/2016		

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	123,148,114		123,148,114	115,227,655
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	94,891,813	1	94,891,812	97,684,772
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	2,142,021	2,142,021	0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....(8,577,871) ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....262,677,155 ) .....	254,099,286		254,099,286	174,427,511
6. Contract loans (including \$ .....premium notes)			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	474,281,234	2,142,022	472,139,212	387,339,938
13. Title plants less \$ .....charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	2,415,209		2,415,209	2,469,212
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	20,540,372	342,479	20,197,893	15,517,993
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums .....	3,506,342		3,506,342	2,358,142
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	54,750		54,750	0
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	18,134,616	18,134,616	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	3,398,407	97,137	3,301,270	10,497,693
24. Health care (\$ .....6,903,257 ) and other amounts receivable .....	14,048,163	5,310,887	8,737,276	7,054,332
25. Aggregate write-ins for other than invested assets .....	875,463	875,463	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	537,254,556	26,902,604	510,351,952	425,237,310
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27)	537,254,556	26,902,604	510,351,952	425,237,310
DETAILS OF WRITE-INS				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Goodwill .....	825,000	825,000	0	0
2502. Prepaid expenses .....	50,463	50,463	0	0
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	875,463	875,463	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....0 reinsurance ceded)	132,537,659	11,452,934	143,990,593	128,605,228
2. Accrued medical incentive pool and bonus amounts	28,771,901		28,771,901	27,462,429
3. Unpaid claims adjustment expenses	2,382,750	259,862	2,642,612	2,386,647
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	57,486,320		57,486,320	11,972,775
9. General expenses due or accrued	8,964,696		8,964,696	6,104,573
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	19,665		19,665	156,734
13. Remittances and items not allocated	816,636		816,636	1,753,188
14. Borrowed money (including \$ .....0 current) and interest thereon \$ .....2,411 (including \$ .....2,411 current)	10,002,411		10,002,411	10,002,469
15. Amounts due to parent, subsidiaries and affiliates	28,072,820		28,072,820	29,474,942
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers and \$ .....unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	1,432,357		1,432,357	3,198,419
23. Aggregate write-ins for other liabilities (including \$ ..... current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	270,487,215	11,712,796	282,200,011	221,117,404
25. Aggregate write-ins for special surplus funds	XXX	XXX	1,000,000	1,000,000
26. Common capital stock	XXX	XXX	8,524	8,524
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	35,821,002	35,821,002
29. Surplus notes	XXX	XXX	30,039,572	30,039,572
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	161,282,843	137,250,808
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26) \$ ..... )	XXX	XXX		0
32.2 ..... shares preferred (value included in Line 27) \$ ..... )	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	228,151,941	204,119,906
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	510,351,952	425,237,310
DETAILS OF WRITE-INS				
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	1,000,000	1,000,000
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	3,888,476	3,766,419	5,055,349
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	1,391,814,544	1,226,773,385	1,653,567,234
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		.0	.0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		.0	.0
5. Risk revenue .....	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues .....	XXX	472,019	473,420	624,322
7. Aggregate write-ins for other non-health revenues .....	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7) .....	XXX	1,392,286,563	1,227,246,805	1,654,191,556
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		923,134,862	831,397,498	1,127,531,998
10. Other professional services .....		834,658	577,040	801,732
11. Outside referrals .....		32,689,832	29,796,227	40,936,382
12. Emergency room and out-of-area .....		40,684,137	32,136,924	47,139,274
13. Prescription drugs .....		232,934,310	214,482,014	289,551,037
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		26,151,985	21,437,610	28,601,619
16. Subtotal (Lines 9 to 15) .....	.0	1,256,429,784	1,129,827,313	1,534,562,042
<b>Less:</b>				
17. Net reinsurance recoveries .....		317,174	130,463	131,594
18. Total hospital and medical (Lines 16 minus 17) .....	.0	1,256,112,610	1,129,696,850	1,534,430,448
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ 14,468,630 .....cost containment expenses.....		32,956,325	32,190,458	43,679,933
21. General administrative expenses.....		76,337,115	73,131,572	99,978,445
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....			.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	1,365,406,050	1,235,018,880	1,678,088,826
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	26,880,513	(7,772,075)	(23,897,270)
25. Net investment income earned .....		2,558,925	8,905,554	11,412,382
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		2,745,475	1,156,982	2,295,881
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	5,304,400	10,062,536	13,708,263
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... ) .....			.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	2,491,711	2,250,838	3,026,820
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	34,676,624	4,541,299	(7,162,187)
31. Federal and foreign income taxes incurred .....	XXX		.0	.0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	34,676,624	4,541,299	(7,162,187)
<b>DETAILS OF WRITE-INS</b>				
0601. Wellness Program Revenue.....	XXX	472,019	473,420	624,322
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	472,019	473,420	624,322
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0	0
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. Management Fee Revenue.....		2,491,711	2,250,838	3,026,820
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	2,491,711	2,250,838	3,026,820

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL & SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	204,119,903	234,906,296	234,906,296
34. Net income or (loss) from Line 32.....	34,676,624	4,541,299	(7,162,187)
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(6,404,632)	(28,849,685)	(17,110,424)
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	(4,239,954)	(351,391)	(2,713,782)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	(3,800,000)	(3,800,000)
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....0		0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....0		0	0
48. Net change in capital and surplus (Lines 34 to 47).....	24,032,038	(28,459,777)	(30,786,393)
49. Capital and surplus end of reporting period (Line 33 plus 48)	228,151,941	206,446,519	204,119,903
DETAILS OF WRITE-INS			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....0		0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	1,431,369,300	1,220,942,850	1,642,985,558
2. Net investment income.....	3,098,150	9,819,760	12,069,596
3. Miscellaneous income.....	472,019	473,418	624,322
4. Total (Lines 1 to 3).....	1,434,939,469	1,231,236,028	1,655,679,476
5. Benefit and loss related payments.....	1,242,921,100	1,109,073,089	1,502,114,239
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	105,451,703	102,869,023	138,269,535
8. Dividends paid to policyholders.....		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	1,348,372,803	1,211,942,112	1,640,383,774
11. Net cash from operations (Line 4 minus Line 10).....	86,566,666	19,293,916	15,295,702
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	33,426,110	54,838,806	84,581,833
12.2 Stocks.....	15,350,000	0	188,370
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	4,139
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	204	7,890	9,244
12.7 Miscellaneous proceeds.....	124,171	93,523	128,297
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	48,900,485	54,940,219	84,911,883
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	41,018,163	44,646,738	50,825,861
13.2 Stocks.....	17,030,033	25,282,161	37,270,035
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	1,223,480	106,031	165,235
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	171,593	171,593
13.7 Total investments acquired (Lines 13.1 to 13.6).....	59,271,676	70,206,523	88,432,724
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(10,371,191)	(15,266,304)	(3,520,841)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	(3,800,000)	(3,800,000)
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	(58)	10,002,183	10,002,469
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	3,476,358	2,693,779	(12,593,232)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	3,476,300	8,895,962	(6,390,763)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	79,671,775	12,923,574	5,384,098
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	174,427,511	169,043,413	169,043,413
19.2 End of period (Line 18 plus Line 19.1).....	254,099,286	181,966,987	174,427,511

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	432,079	1,549	382,707	547	.0	.0	.0	47,276	.0	.0
2 First Quarter .....	436,827	1,572	378,501	1,811	.0	.0	.0	54,943	.0	.0
3 Second Quarter .....	431,586	1,641	371,845	2,157	.0	.0	.0	55,943	.0	.0
4. Third Quarter .....	428,250	1,627	366,872	2,537	.0	.0	.0	57,214	.0	.0
5. Current Year .....	.0									
6 Current Year Member Months	3,888,476	14,276	3,355,134	18,384	.0	.0	.0	500,682	.0	.0
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician .....	3,165,506	10,104	2,374,708	18,944	.0	.0	.0	761,750	.0	.0
8. Non-Physician .....	351,706	1,123	263,843	2,105	.0	.0	.0	84,635	.0	.0
9. Total .....	3,517,212	11,227	2,638,551	21,049	.0	.0	.0	846,385	.0	.0
10. Hospital Patient Days Incurred	136,715	231	54,384	298	.0	.0	.0	81,802	.0	.0
11. Number of Inpatient Admissions	24,464	57	13,433	74	.0	.0	.0	10,900	.0	.0
12. Health Premiums Written(a) .....	1,393,115,335	5,394,372	1,011,867,855	2,664,338	.0	.0	.0	373,188,770	.0	.0
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	1,391,814,544	5,387,694	1,010,615,268	2,662,867	.0	.0	.0	373,148,715	.0	.0
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	1,242,808,526	4,298,587	922,267,825	1,687,975				314,554,139		
18. Amount Incurred for Provision of Health Care Services	1,256,429,784	4,433,218	918,234,313	2,023,522				331,738,731		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....373,188,770

## CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]



UNDERWRITING AND INVESTMENT EXHIBIT  
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	94,816,435	823,043,763	1,300,638	98,746,349	96,117,073	94,832,969
2. Medicare Supplement .....	7,351	1,705,044		318,478	7,351	7,351
3. Dental only .....					0	0
4. Vision only .....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....	32,928,466	283,085,123	291,559	43,333,569	33,220,025	33,764,908
7. Title XIX - Medicaid .....					0	0
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8).....	127,752,252	1,107,833,930	1,592,197	142,398,396	129,344,449	128,605,228
10. Healthcare receivables (a) .....	8,063,254	9,556,915		11,454,006	8,063,254	8,063,254
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	22,293,553	2,548,960	3,651,147	25,120,754	25,944,700	27,462,429
13. Totals (Lines 9-10+11+12)	141,982,551	1,100,825,975	5,243,344	156,065,144	147,225,895	148,004,403

(a) Excludes \$ loans or advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and Summary of Significant Accounting Policies

Priority Health's statutory-basis financial statements are prepared in accordance with the *Accounting Practices and Procedures Manual* published by the National Association of Insurance Commissioners.

### 2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

### 3. Business Combinations and Goodwill

No material changes from year end disclosures.

### 4. Discontinued Operations

No material changes from year end disclosures.

### 5. Investments

No material changes from year end disclosures.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

### 7. Investment Income

No material changes from year end disclosures.

### 8. Derivative Instruments

No material changes from year end disclosures.

### 9. Income Taxes

No material changes from year end disclosures.

### 10. Information Concerning Parent, Subsidiaries, and Affiliates

The Company made \$5,000,000 in capital contribution to its subsidiary, Priority Health Insurance Company, in 2011.

### 11. Debt

In 2008, the Company obtained a \$10,000,000 line of credit from its parent company, Spectrum Health, which was outstanding at September 30, 2011. The line of credit requires interest be paid in installments and matures in February 2013. This line of credit bears interest at a floating rate based on one-month LIBOR plus 85 basis points (1.24% at September 30, 2011).

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

### 13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

### 14. Contingencies

No material changes from year end disclosures.

### 15. Leases

No material changes from year end disclosures.

### 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No material changes from year end disclosures.

## NOTES TO FINANCIAL STATEMENTS

### 18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

### 20. Fair Value Measurements

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoting prices in active markets for identical assets and liabilities (Level 1) and the lower ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

*Level 1:* Financial instruments with unadjusted, quoted prices listed on active market exchanges.

*Level 2:* Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

*Level 3:* Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

The following table summarizes the valuation of the Company's financial instruments by the above pricing categories:

	Total	Quoted Prices In Active Markets (Level 1)	Prices With Other Observable Inputs (Level 2)	Prices With Unobservable Inputs (Level 3)
	<i>(In Thousands)</i>			
<b>June 30, 2010</b>				
Common stock	\$ 43,094	\$ 43,094	\$ -	\$ -
	<u>\$ 43,094</u>	<u>\$ 43,094</u>	<u>\$ -</u>	<u>\$ -</u>
<b>December 31, 2010</b>				
Common stock	\$ 51,296	\$ 51,296	\$ -	\$ -
	<u>\$ 51,296</u>	<u>\$ 51,296</u>	<u>\$ -</u>	<u>\$ -</u>

### 21. Other Items

No material changes from year end disclosures.

### 22. Events Subsequent

No material changes from year end disclosures.

### 23. Reinsurance

No material changes from year end disclosures.

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures

### 25. Change in Incurred Claims and Claim Adjustment Expenses

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve

## NOTES TO FINANCIAL STATEMENTS

adjustments were unfavorable by \$0.7 million year-to-date, increasing the prior year-end claim reserve estimates of \$128.6 million to \$129.3 million.

### **26. Intercompany Pooling Arrangements**

No material changes from year end disclosures.

### **27. Structured Settlements**

No material changes from year end disclosures.

### **28. Health Care Receivables**

No material changes from year end disclosures.

### **29. Participating Policies**

No material changes from year end disclosures.

### **30. Premium Deficiency Reserves**

No material changes from year end disclosures.

### **31. Anticipated Salvage and Subrogation**

No material changes from year end disclosures.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? .....

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state? .....

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes ☐ No ☒
- 2.2

If yes, date of change: .....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end? .....

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? .....

If yes, attach an explanation.

Yes ☐ No ☒ NA ☐
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2009
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

12/31/2009
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

06/29/2011
- 6.4

By what department or departments?  
State of Michigan Office of Financial and Insurance Regulation.....
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? .....

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?.....

Yes ☐ No ☐ NA ☒
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes ☐ No ☒
- 7.2

If yes, give full information:  
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$ .....

1,926,917

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .....

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: .....

\$ .....0
13.

Amount of real estate and mortgages held in short-term investments: .....

\$ .....0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates? .....

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....0	\$ .....0
14.22 Preferred Stock .....	\$ .....0	\$ .....0
14.23 Common Stock .....	\$ .....46,388,713	\$ .....51,797,376
14.24 Short-Term Investments .....	\$ .....0	\$ .....0
14.25 Mortgage Loans on Real Estate .....	\$ .....0	\$ .....0
14.26 All Other .....	\$ .....0	\$ .....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....46,388,713	\$ .....51,797,376
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above ....	\$ .....0	\$ .....0
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB? .....

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....
Huntington National Bank.....	Grand Rapids, Michigan.....
Mellon Trust.....	Pittsburgh, Pennsylvania.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Advisors, Inc.....	Bloomfield, Connecticut.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? .....

Yes [X] No [ ]

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES  
PART 2 - HEALTH

1.

1

Amount

1. Operating Percentages:

1.1 A&H loss percent

91.3%

1.2 A&H cost containment percent

1.0%

1.3 A&H expense percent excluding cost containment expenses

6.8%

2.1 Do you act as a custodian for health savings accounts?

Yes [ ] No [ X]

2.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$

2.3 Do you act as an administrator for health savings accounts?

Yes [ ] No [ X]

2.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$



## SCHEDULE S - CEDED REINSURANCE

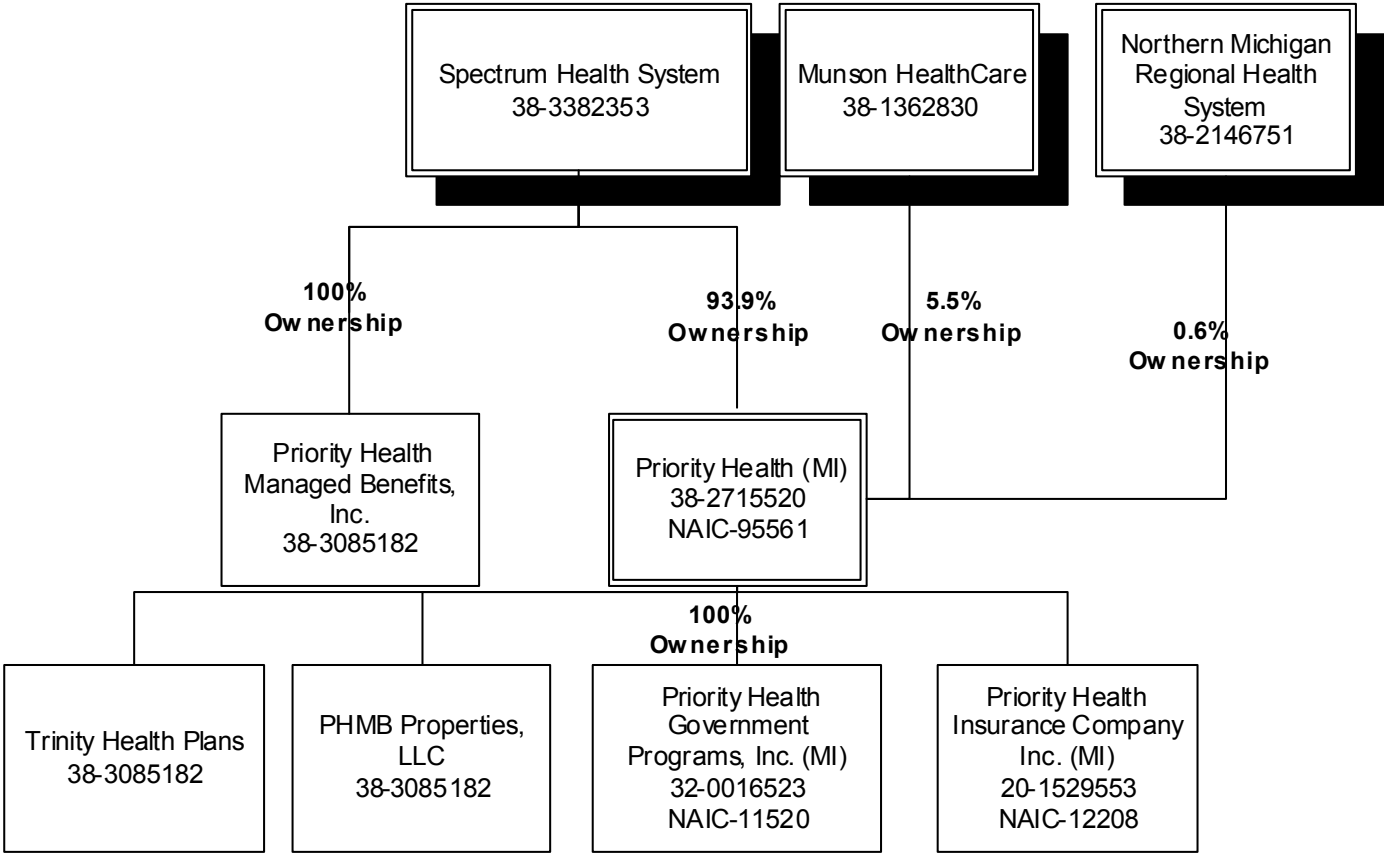
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SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama .....	AL	N							.0	
2. Alaska .....	AK	N							.0	
3. Arizona .....	AZ	N							.0	
4. Arkansas .....	AR	N							.0	
5. California .....	CA	N							.0	
6. Colorado .....	CO	N							.0	
7. Connecticut .....	CT	N							.0	
8. Delaware .....	DE	N							.0	
9. Dist. Columbia .....	DC	N							.0	
10. Florida .....	FL	N							.0	
11. Georgia .....	GA	N							.0	
12. Hawaii .....	HI	N							.0	
13. Idaho .....	ID	N							.0	
14. Illinois .....	IL	N							.0	
15. Indiana .....	IN	N							.0	
16. Iowa .....	IA	N							.0	
17. Kansas .....	KS	N							.0	
18. Kentucky .....	KY	N							.0	
19. Louisiana .....	LA	N							.0	
20. Maine .....	ME	N							.0	
21. Maryland .....	MD	N							.0	
22. Massachusetts .....	MA	N							.0	
23. Michigan .....	MI	L	1,019,926,565	373,188,770					1,393,115,335	
24. Minnesota .....	MN	N							.0	
25. Mississippi .....	MS	N							.0	
26. Missouri .....	MO	N							.0	
27. Montana .....	MT	N							.0	
28. Nebraska .....	NE	N							.0	
29. Nevada .....	NV	N							.0	
30. New Hampshire .....	NH	N							.0	
31. New Jersey .....	NJ	N							.0	
32. New Mexico .....	NM	N							.0	
33. New York .....	NY	N							.0	
34. North Carolina .....	NC	N							.0	
35. North Dakota .....	ND	N							.0	
36. Ohio .....	OH	N							.0	
37. Oklahoma .....	OK	N							.0	
38. Oregon .....	OR	N							.0	
39. Pennsylvania .....	PA	N							.0	
40. Rhode Island .....	RI	N							.0	
41. South Carolina .....	SC	N							.0	
42. South Dakota .....	SD	N							.0	
43. Tennessee .....	TN	N							.0	
44. Texas .....	TX	N							.0	
45. Utah .....	UT	N							.0	
46. Vermont .....	VT	N							.0	
47. Virginia .....	VA	N							.0	
48. Washington .....	WA	N							.0	
49. West Virginia .....	WV	N							.0	
50. Wisconsin .....	WI	N							.0	
51. Wyoming .....	WY	N							.0	
52. American Samoa .....	AS	N							.0	
53. Guam .....	GU	N							.0	
54. Puerto Rico .....	PR	N							.0	
55. U.S. Virgin Islands .....	VI	N							.0	
56. Northern Mariana Islands .....	MP	N							.0	
57. Canada .....	CN	N							.0	
58. Aggregate other alien .....	OT	XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Subtotal .....	XXX		1,019,926,565	373,188,770	.0	.0	.0	.0	1,393,115,335	.0
60. Reporting entity contributions for Employee Benefit Plans .....	XXX								.0	
61. Total (Direct Business) .....	(a) 1		1,019,926,565	373,188,770	0	0	0	0	1,393,115,335	0
DETAILS OF WRITE-INS										
5801. ....	XXX									
5802. ....	XXX									
5803. ....	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page .....	XXX		.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	XXX		0	0	0	0	0	0	0	0

(L) Licensed or Chartered – Licensed Insurance Carrier or Domiciled RRG; (R ) Registered – Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible – Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above – Not allowed to write business in the state.  
(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.Business not written

Bar Code:

1.



95561201136500003

**OVERFLOW PAGE FOR WRITE-INS**

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	1,042,708	1,009,909
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	1,223,480	165,235
2.2 Additional investment made after acquisition .....	0	0
3. Current year change in encumbrances .....	0	0
4. Total gain (loss) on disposals .....	0	0
5. Deduct amounts received on disposals .....	0	4,139
6. Total foreign exchange change in book/adjusted carrying value .....	0	0
7. Deduct current year's other than temporary impairment recognized .....	0	0
8. Deduct current year's depreciation .....	124,167	128,297
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	2,142,021	1,042,708
10. Deduct total nonadmitted amounts .....	2,142,021	1,042,708
11. Statement value at end of current period (Line 9 minus Line 10) .....	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....		0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14) .....	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	212,912,429	224,769,060
2. Cost of bonds and stocks acquired .....	58,048,197	88,095,896
3. Accrual of discount .....	64,378	162,603
4. Unrealized valuation increase (decrease) .....	(6,404,636)	(17,110,424)
5. Total gain (loss) on disposals .....	2,745,271	2,458,230
6. Deduct consideration for bonds and stocks disposed of .....	48,776,110	84,770,202
7. Deduct amortization of premium .....	549,602	692,734
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	218,039,927	212,912,429
11. Deduct total nonadmitted amounts .....	1	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	218,039,926	212,912,429

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	304,208,828	153,208,955	89,154,798	(1,329,778)	311,265,500	304,208,828	366,933,207	279,914,576
2. Class 2 (a).....	18,449,222	1,561,362	1,000,000	(1,017,988)	18,318,917	18,449,222	17,992,596	18,867,242
3. Class 3 (a).....	0	0	0	0	0	0	0	0
4. Class 4 (a).....	0	0	7,281	906,747	0	0	899,466	0
5. Class 5 (a).....	0	0	0	0	0	0	0	0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	322,658,050	154,770,317	90,162,079	(1,441,019)	329,584,417	322,658,050	385,825,269	298,781,818
<b>PREFERRED STOCK</b>								
8. Class 1 .....	0	0	0	0	0	0	0	0
9. Class 2 .....	0	0	0	0	0	0	0	0
10. Class 3 .....	0	0	0	0	0	0	0	0
11. Class 4 .....	0	0	0	0	0	0	0	0
12. Class 5 .....	0	0	0	0	0	0	0	0
13. Class 6 .....	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	322,658,050	154,770,317	90,162,079	(1,441,019)	329,584,417	322,658,050	385,825,269	298,781,818

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	262,677,157	XXX	265,145,198	4,078,772	275,698

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	183,554,162	117,379,051
2. Cost of short-term investments acquired .....	388,989,367	461,634,465
3. Accrual of discount.....	1,159	1,880
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....	204	9,244
6. Deduct consideration received on disposals.....	306,417,591	391,758,995
7. Deduct amortization of premium.....	3,450,146	3,711,483
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	262,677,155	183,554,162
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	262,677,155	183,554,162



Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

**STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health**

## SCHEDULE A - PART 2

**Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter**

[illegible]

## SCHEDULE A - PART 3

**Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales under Contract"**

[illegible]

EO1

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
.912810-QS-0.....	US TREASURY N/B.....		.09/20/2011.....	CITIGROUP/ELECTRONIC.....		.551,291	.500,000	.1,885	.1
.912828-RC-6.....	US TREASURY N/B.....		.09/27/2011.....	RBS/GREE.....		.506,447	.500,000	.1,270	.1
.912828-RE-2.....	US TREASURY N/B.....		.09/28/2011.....	RBS/GREE.....		.998,481	.1,000,000	.1,195	.1
0599999 - Total -	Bonds - U.S. Governments					2,056,219	2,000,000	4,351	XXX
.64966H-4K-3.....	NEW YORK NY.....		.09/02/2011.....	VARIOUS.....		.527,239	.475,000	.10,624	.1FE
2499999 - Total -	Bonds - U.S. Political Subdivisions of States, Territories and Possessions					527,239	475,000	10,624	XXX
.3128MJ-QG-8.....	FHLMC G08454.....		.07/19/2011.....	JEFF-MTGS.....		.1,558,125	.1,500,000	.3,938	.1
.312945-ZD-3.....	FHLMC A97040.....		.09/08/2011.....	CANTOR FITZGERALD & CO.....		.1,271,342	.1,219,696	.1,626	.1
.31412R-H5-9.....	FNMA #932752.....		.07/29/2011.....	BNP-MTGS.....		.1,303,338	.1,222,178	.1,697	.1
.31418N-ZW-3.....	FNMA #AD1656.....		.07/29/2011.....	BNP.....		.1,474,007	.1,414,340	.1,768	.1
.31418W-PG-9.....	FNMA #AD8522.....		.07/19/2011.....	BNP-MTGS.....		.502,492	.498,365	.1,163	.1
.544495-VZ-4.....	LOS ANGELES CA DEPT WTR & PWR.....		.08/29/2011.....	BNYMELLON.....		.570,125	.500,000	.5,833	.1FE
.79739G-BD-7.....	SAN DIEGO CNTY CA REGL ARPT AUTH.....		.08/31/2011.....	BOA/ML-MUN.....		.511,850	.500,000	.5,984	.1FE
3199999 - Total -	Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					7,191,279	6,854,578	22,009	XXX
.06406H-BY-4.....	BANK OF NEW YORK MELLON.....		.09/16/2011.....	DMG.....		.249,833	.250,000	.0	.1FE
.097014-AM-6.....	BOEING CAPITAL CORP.....		.07/28/2011.....	CS.....		.497,535	.500,000	.0	.1FE
.149123-BV-2.....	CATERPILLAR INC.....		.07/01/2011.....	MORGAN STANLEY.....		.1,001,680	.1,000,000	.4,333	.1FE
.25468P-CN-4.....	WALT DISNEY COMPANY.....		.08/17/2011.....	GOLDMAN SACHS.....		.246,793	.250,000	.0	.1FE
.361448-AL-7.....	GATX CORP.....		.09/15/2011.....	CITIGROUP/ELECTRONIC.....		.500,540	.500,000	.7,612	.2FE
.674599-CC-7.....	OCCIDENTAL PETROLEUM.....		.08/16/2011.....	FIRST TENNESSEE.....		.493,475	.500,000	.43	.1FE
.883556-AZ-5.....	THERMO FISHER SCIENTIFIC.....		.08/16/2011.....	RBS/GREE.....		.506,090	.500,000	.150	.1FE
3899999 - Total -	Bonds - Industrial, Misc.					3,495,945	3,500,000	12,139	XXX
8399997 - Total -	Bonds - Part 3					13,270,682	12,829,578	49,122	XXX
8399999 - Total -	Bonds					13,270,682	12,829,578	49,122	XXX
8999999 - Total -	Preferred Stocks					0	XXX	0	XXX
.233203-58-7.....	DFA EMERGING MKRTS VALUE.....		.09/29/2011.....	MELLON BANK.....	.126,964.318	.3,710,280		.0	.L
.693390-70-0.....	PIMCO FDS TOTAL RETURN - INST.....		.09/30/2011.....	MELLON BANK.....	.7,567.126	.82,990		.0	.L
.921909-82-6.....	VANGUARD DEV MKTS INDEX FUND.....		.09/28/2011.....	VANGUARD FUNDS.....	.176,470.588	.1,500,000		.0	.L
.922040-10-0.....	VANGUARD INSTL INDEX FUND.....		.09/29/2011.....	VANGUARD FUNDS.....	.682.677	.72,459		.0	.L
.922908-44-7.....	VANGUARD MID CAP INDEX-SIGN.....		.09/28/2011.....	VANGUARD FUNDS.....	.118,777.073	.3,309,975		.0	.L
9299999 - Total -	Common Stocks - Mutual Funds					8,675,704	XXX	0	XXX
9799997 - Total -	Common Stocks - Part 3					8,675,704	XXX	0	XXX
9799999 - Total -	Common Stocks					8,675,704	XXX	0	XXX
9899999 - Total -	Preferred and Common Stocks					8,675,704	XXX	0	XXX
9999999 Totals						21,946,386	XXX	49,122	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0 .

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
36202V-XU-0.	GNMA #610991.		09/01/2011.	MBS PMT.		6,394	6,394	6,350	6,390	0	5	0	5	0	6,394	0	0	0	229	06/01/2034.	1.
36291E-RW-5.	GNMA #626092.		09/01/2011.	MBS PMT.		57,815	57,815	58,800	57,876	0	(61)	0	(61)	0	57,815	0	0	0	2,378	03/01/2034.	1.
36291S-PT-1.	GNMA #636834.		09/01/2011.	MBS PMT.		7,497	7,497	7,652	7,503	0	(5)	0	(5)	0	7,497	0	0	0	275	11/01/2034.	1.
36295N-ND-5.	GNMA #675488.		09/01/2011.	MBS PMT.		81,257	81,257	81,041	81,232	0	25	0	25	0	81,257	0	0	0	2,874	06/01/2038.	1.
362950-LK-4.	GNMA #677230.		09/01/2011.	MBS PMT.		7,974	7,974	8,108	8,011	0	(37)	0	(37)	0	7,974	0	0	0	325	08/01/2038.	1.
36295S-C8-7.	GNMA #678795.		09/01/2011.	MBS PMT.		23,655	23,655	24,058	23,745	0	(91)	0	(91)	0	23,655	0	0	0	868	12/01/2037.	1.
36296K-MW-9.	GNMA #693473.		09/01/2011.	MBS PMT.		6,659	6,659	6,696	6,662	0	(3)	0	(3)	0	6,659	0	0	0	226	06/01/2038.	1.
36296U-HC-7.	GNMA #701427.		09/01/2011.	MBS PMT.		10,240	10,240	10,119	10,228	0	12	0	12	0	10,240	0	0	0	347	11/01/2038.	1.
912828-LZ-1.	US TREASURY N/B.		09/14/2011.	JP MORGAN.		527,557	500,000	498,302	498,648	0	234	0	234	0	498,882	0	28,675	28,675	8,390	11/30/2014.	1.
0599999 - Bonds - U.S. Governments						729,048	701,491	701,125	700,295	0	79	0	79	0	700,373	0	28,675	28,675	15,911	XXX	XXX
31283H-S9-7.	FHLMC G01444.		09/01/2011.	MBS PMT.		3,130	3,130	3,260	3,148	0	(19)	0	(19)	0	3,130	0	0	0	137	08/01/2032.	1.
31283K-4D-7.	FHLMC G11720.		09/08/2011.	VARIOUS.		730,095	688,845	714,246	717,026	0	(7,033)	0	(7,033)	0	709,994	0	20,101	20,101	24,482	08/01/2020.	1.
31287X-Z8-2.	FHLMC C70767.		09/01/2011.	MBS PMT.		1,391	1,391	1,440	1,392	0	(1)	0	(1)	0	1,391	0	0	0	55	09/01/2032.	1.
3128JW-2C-0.	FHLMC 1B2670.		08/01/2011.	MBS PMT.		6,733	6,733	6,766	6,737	0	(3)	0	(3)	0	6,733	0	0	0	110	12/01/2034.	1.
3128KG-5B-2.	FHLMC A46242.		09/01/2011.	MBS PMT.		11,231	11,231	10,797	11,161	0	70	0	70	0	11,231	0	0	0	373	07/01/2035.	1.
3128MI-C7-2.	FHLMC G11994.		09/01/2011.	MBS PMT.		10,747	10,747	10,679	10,733	0	14	0	14	0	10,747	0	0	0	394	05/01/2021.	1.
3128MI-KY-4.	FHLMC G12211.		09/01/2011.	MBS PMT.		11,736	11,736	11,455	11,682	0	54	0	54	0	11,736	0	0	0	393	06/01/2021.	1.
3128MI-NX-3.	FHLMC G12306.		09/01/2011.	MBS PMT.		7,212	7,212	7,281	7,221	0	(9)	0	(9)	0	7,212	0	0	0	285	07/01/2021.	1.
3128MA-K6-9.	FHLMC G02717.		09/01/2011.	MBS PMT.		17,962	17,962	17,749	17,929	0	33	0	33	0	17,962	0	0	0	673	02/01/2037.	1.
3128MJ-BP-4.	FHLMC G08045.		09/01/2011.	MBS PMT.		9,365	9,365	9,307	9,358	0	7	0	7	0	9,365	0	0	0	311	03/01/2035.	1.
3128MJ-BQ-2.	FHLMC G08046.		09/01/2011.	MBS PMT.		24,165	24,165	24,528	24,199	0	(34)	0	(34)	0	24,165	0	0	0	884	03/01/2035.	1.
3128MJ-CJ-7.	FHLMC G08072.		09/01/2011.	MBS PMT.		16,117	16,117	15,706	16,069	0	48	0	48	0	16,117	0	0	0	543	08/01/2035.	1.
3128MJ-F4-7.	FHLMC G08186.		09/01/2011.	MBS PMT.		30,565	30,565	30,269	30,528	0	37	0	37	0	30,565	0	0	0	1,128	03/01/2037.	1.
3128MJ-LL-2.	FHLMC G08330.		09/01/2011.	MBS PMT.		15,931	15,931	16,110	15,952	0	(21)	0	(21)	0	15,931	0	0	0	481	01/01/2039.	1.
3128MJ-OG-8.	FHLMC G08454.		09/01/2011.	MBS PMT.		11,564	11,564	12,013	0	0	(6)	0	(6)	0	11,564	0	0	0	73	07/01/2041.	1.
3128MW-CQ-4.	FHLMC G18078.		09/01/2011.	MBS PMT.		9,940	9,940	9,767	9,908	0	31	0	31	0	9,940	0	0	0	328	10/01/2020.	1.
3128MW-DG-5.	FHLMC G18102.		09/01/2011.	MBS PMT.		7,627	7,627	7,739	7,642	0	(15)	0	(15)	0	7,627	0	0	0	287	02/01/2021.	1.
31292H-R7-1.	FHLMC C01410.		09/01/2011.	MBS PMT.		2,414	2,414	2,490	2,423	0	(9)	0	(9)	0	2,414	0	0	0	97	10/01/2032.	1.
31292H-RZ-9.	FHLMC C01404.		09/01/2011.	MBS PMT.		876	876	909	878	0	(2)	0	(2)	0	876	0	0	0	36	10/01/2032.	1.
31292J-BQ-2.	FHLMC C01847.		09/01/2011.	MBS PMT.		10,407	10,407	10,277	10,392	0	15	0	15	0	10,407	0	0	0	387	06/01/2034.	1.
31292J-BR-0.	FHLMC C01848.		09/01/2011.	MBS PMT.		12,724	12,724	13,036	12,757	0	(33)	0	(33)	0	12,724	0	0	0	507	06/01/2034.	1.
312941-3N-5.	FHLMC A93505.		09/01/2011.	MBS PMT.		31,821	31,821	32,572	0	0	(85)	0	(85)	0	31,821	0	0	0	849	08/01/2040.	1.
31294K-VC-3.	FHLMC E01607.		09/01/2011.	MBS PMT.		10,537	10,537	10,669	10,558	0	(21)	0	(21)	0	10,537	0	0	0	352	04/01/2019.	1.
312965-TD-8.	FHLMC B13248.		09/15/2011.	VARIOUS.		580,916	541,626	551,189	548,709	0	(1,425)	0	(1,425)	0	547,284	0	33,632	33,632	21,548	04/01/2019.	1.
312969-ZB-8.	FHLMC B17190.		09/01/2011.	MBS PMT.		8,812	8,812	8,801	8,811	0	1	0	1	0	8,812	0	0	0	265	11/01/2019.	1.
312969-FY-9.	FHLMC B16483.		09/01/2011.	MBS PMT.		13,600	13,600	13,921	13,640	0	(40)	0	(40)	0	13,600	0	0	0	490	09/01/2019.	1.
31297C-KU-3.	FHLMC A24807.		09/01/2011.	MBS PMT.		101,820	101,820	100,468	101,689	0	131	0	131	0	101,820	0	0	0	3,437	07/01/2034.	1.
31297C-ZQ-6.	FHLMC A25251.		09/01/2011.	MBS PMT.		6,861	6,861	7,094	6,878	0	(17)	0	(17)	0	6,861	0	0	0	303	08/01/2034.	1.
31297E-UN-4.	FHLMC A26889.		09/01/2011.	MBS PMT.		11,081	11,081	11,209	11,095	0	(13)	0	(13)	0	11,081	0	0	0	406	09/01/2034.	1.
31297G-FG-1.	FHLMC A28267.		09/01/2011.	MBS PMT.		52,777	52,777	53,651	52,851	0	(74)	0	(74)	0	52,777	0	0	0	2,033	11/01/2034.	1.
31297W-QE-1.	FHLMC A32253.		09/01/2011.	MBS PMT.		2,268	2,268	2,217	2,268	0	0	0	0	0	2,268	0	0	0	76	04/01/2035.	1.
31297N-TA-4.	FHLMC A33245.		09/01/2011.	MBS PMT.		9,398	9,398	9,109	9,337	0	62	0	62	0	9,398	0	0	0	304	02/01/2035.	1.
31335H-4P-5.	FHLMC C90830.		09/01/2011.	MBS PMT.		16,931	16,931	16,685	16,891	0	40	0	40	0	16,931	0	0	0	513	05/01/2024.	1.
31335H-5F-6.	FHLMC C90846.		09/01/2011.	MBS PMT.		14,155	14,155	14,473	14,208	0	(54)	0	(54)	0	14,155	0	0	0	511	08/01/2024.	1.
3133XE-5D-7.	FHLMC 0606 Y.		09/28/2011.	MBS PMT.		15,307	15,307	16,264	15,574	0	(267)	0	(267)	0	15,307	0	0	0	539	12/28/2012.	1.
31371H-D9-6.	FNMA #252228.		09/01/2011.	MBS PMT.		94	94	98	94	0											

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31388K-GA-4..	FNMA #606893..		09/01/2011..	MBS PMT..		.155	.155	.160	.155	.0	.0	.0	.0	.0	.155	.0	.0	.0	.7	10/01/2031..	1..
31388L-C8-1..	FNMA #607695..		09/01/2011..	MBS PMT..		3,150	3,150	3,257	3,171	.0	(21)	.0	(21)	.0	3,150	.0	.0	.0	148	11/01/2031..	1..
31388R-GT-8..	FNMA #612310..		09/01/2011..	MBS PMT..		.693	.693	.717	.697	.0	(4)	.0	(4)	.0	.693	.0	.0	.0	27	09/01/2016..	1..
31389U-TR-0..	FNMA #636060..		09/01/2011..	MBS PMT..		.81	.81	.84	.81	.0	.0	.0	.0	.0	.81	.0	.0	.0	.4	04/01/2032..	1..
3138A2-BQ-1..	FNMA #AH0946..		09/01/2011..	MBS PMT..		19,978	19,978	19,972	.0	.0	.0	.0	.0	.0	19,978	.0	.0	.0	140	12/01/2040..	1..
3138A5-FX-5..	FNMA #AH3781..		09/01/2011..	MBS PMT..		16,628	16,628	16,198	.0	.0	25	.0	25	.0	16,628	.0	.0	.0	327	02/01/2041..	1..
3138AF-C2-4..	FNMA #A11888..		09/01/2011..	MBS PMT..		26,877	26,877	27,968	.0	.0	(26)	.0	(26)	.0	26,877	.0	.0	.0	225	05/01/2041..	1..
3138AH-XV-3..	FNMA #A14291..		09/01/2011..	MBS PMT..		18,747	18,747	19,480	.0	.0	(21)	.0	(21)	.0	18,747	.0	.0	.0	161	06/01/2041..	1..
31391D-DD-2..	FNMA #663500..		09/01/2011..	MBS PMT..		51,698	51,698	52,352	51,704	.0	(6)	.0	(6)	.0	51,698	.0	.0	.0	1,895	10/01/2032..	1..
31391J-JM-3..	FNMA #668168..		09/01/2011..	MBS PMT..		.214	.214	.220	.214	.0	.0	.0	.0	.0	.214	.0	.0	.0	.9	11/01/2032..	1..
31391Q-S8-8..	FNMA #673843..		09/01/2011..	MBS PMT..		8,350	8,350	8,510	8,364	.0	(14)	.0	(14)	.0	8,350	.0	.0	.0	279	10/01/2017..	1..
31393Q-N3-2..	FHLMC 2614 KB..		09/01/2011..	MBS PMT..		51,575	51,575	53,509	52,723	.0	(1,148)	.0	(1,148)	.0	51,575	.0	.0	.0	1,551	09/01/2012..	1..
31393W-V9-7..	FHLMC 2641 KJ..		09/01/2011..	MBS PMT..		25,275	25,275	26,049	25,508	.0	(233)	.0	(233)	.0	25,275	.0	.0	.0	681	06/01/2014..	1..
31395G-ZT-2..	FHLMC 2874 BA..		09/15/2011..	VARIOUS..		474,626	463,930	476,035	474,003	.0	(4,731)	.0	(4,731)	.0	469,272	.0	5,355	5,355	13,958	04/01/2013..	1..
31397N-E5-0..	FNMA 2009-31 A..		09/01/2011..	MBS PMT..		48,712	48,712	50,234	49,072	.0	(360)	.0	(360)	.0	48,712	.0	.0	.0	1,298	07/01/2017..	1..
31398E-AB-0..	FHLMC 3544 KA..		09/01/2011..	MBS PMT..		72,426	72,426	74,486	72,886	.0	(460)	.0	(460)	.0	72,426	.0	.0	.0	2,172	03/01/2016..	1..
31400C-6F-6..	FNMA #684070..		09/01/2011..	MBS PMT..		10,001	10,001	10,238	10,027	.0	(26)	.0	(26)	.0	10,001	.0	.0	.0	321	05/01/2018..	1..
31400W-T7-5..	FNMA #699974..		09/01/2011..	MBS PMT..		3,480	3,480	3,564	3,488	.0	(9)	.0	(9)	.0	3,480	.0	.0	.0	133	04/01/2033..	1..
31401B-VB-8..	FNMA #703610..		09/01/2011..	MBS PMT..		4,513	4,513	4,629	4,531	.0	(18)	.0	(18)	.0	4,513	.0	.0	.0	142	06/01/2018..	1..
31401W-V9-7..	FNMA #720740..		09/01/2011..	MBS PMT..		6,107	6,107	6,251	6,119	.0	(12)	.0	(12)	.0	6,107	.0	.0	.0	192	07/01/2033..	1..
31402Q-CF-6..	FNMA #734570..		09/01/2011..	MBS PMT..		7,218	7,218	7,156	7,200	.0	18	.0	18	.0	7,218	.0	.0	.0	235	08/01/2033..	1..
31402W-LY-2..	FNMA #740243..		09/01/2011..	MBS PMT..		7,676	7,676	7,786	7,711	.0	(36)	.0	(36)	.0	7,676	.0	.0	.0	307	10/01/2033..	1..
31403D-T8-2..	FNMA #745875..		09/01/2011..	MBS PMT..		13,991	13,991	14,114	14,004	.0	(13)	.0	(13)	.0	13,991	.0	.0	.0	603	09/01/2036..	1..
31403U-3H-2..	FNMA #758700..		09/01/2011..	MBS PMT..		42,718	42,718	41,757	42,647	.0	71	.0	71	.0	42,718	.0	.0	.0	1,149	11/01/2019..	1..
31403V-6R-4..	FNMA #759008..		09/01/2011..	MBS PMT..		3,049	3,049	3,026	3,045	.0	4	.0	4	.0	3,049	.0	.0	.0	109	01/01/2034..	1..
31404D-O6-6..	FNMA #765555..		09/01/2011..	MBS PMT..		1,353	1,353	1,332	1,352	.0	.0	.0	.0	.0	1,353	.0	.0	.0	45	12/01/2033..	1..
31404J-OD-0..	FNMA #770052..		09/01/2011..	MBS PMT..		3,017	3,017	3,045	3,021	.0	(5)	.0	(5)	.0	3,017	.0	.0	.0	92	03/01/2019..	1..
31404K-TB-8..	FNMA #771046..		09/01/2011..	MBS PMT..		10,253	10,253	10,219	10,251	.0	2	.0	2	.0	10,253	.0	.0	.0	308	04/01/2019..	1..
31405B-A6-8..	FNMA #784029..		09/01/2011..	MBS PMT..		14,658	14,658	14,610	14,651	.0	7	.0	7	.0	14,658	.0	.0	.0	439	06/01/2019..	1..
31405C-UT-4..	FNMA #785494..		09/01/2011..	MBS PMT..		15,815	15,815	15,696	15,803	.0	11	.0	11	.0	15,815	.0	.0	.0	576	06/01/2034..	1..
31405F-3V-2..	FNMA #788412..		09/01/2011..	MBS PMT..		34,561	34,561	34,086	34,524	.0	37	.0	37	.0	34,561	.0	.0	.0	1,035	07/01/2019..	1..
31405H-5G-9..	FNMA #790247..		09/01/2011..	MBS PMT..		721	721	704	717	.0	3	.0	3	.0	721	.0	.0	.0	24	08/01/2034..	1..
31405M-MA-2..	FNMA #793353..		09/01/2011..	MBS PMT..		15,289	15,289	15,747	15,348	.0	(60)	.0	(60)	.0	15,289	.0	.0	.0	628	08/01/2034..	1..
31405N-S8-9..	FNMA #794443..		09/01/2011..	MBS PMT..		16,740	16,740	16,936	16,740	.0	(23)	.0	(23)	.0	16,740	.0	.0	.0	631	10/01/2034..	1..
31405P-QQ-6..	FNMA #795263..		09/01/2011..	MBS PMT..		7,983	7,983	8,128	8,004	.0	(21)	.0	(21)	.0	7,983	.0	.0	.0	257	09/01/2019..	1..
31406B-EU-0..	FNMA #804847..		09/01/2011..	MBS PMT..		5,897	5,897	5,687	5,875	.0	22	.0	22	.0	5,897	.0	.0	.0	177	01/01/2035..	1..
31406F-TS-0..	FNMA #808861..		09/01/2011..	MBS PMT..		33,412	33,412	33,933	33,476	.0	(64)	.0	(64)	.0	33,412	.0	.0	.0	1,221	01/01/2035..	1..
31406K-E9-7..	FNMA #812060..		09/01/2011..	MBS PMT..		1,652	1,652	1,644	1,652	.0	.0	.0	.0	.0	1,652	.0	.0	.0	55	03/01/2035..	1..
31406T-JR-3..	FNMA #819372..		09/01/2011..	MBS PMT..		19,110	19,110	19,010	19,089	.0	21	.0	21	.0	19,110	.0	.0	.0	587	03/01/2020..	1..
31407B-U6-4..	FNMA #826005..		09/01/2011..	MBS PMT..		9,673	9,673	9,339	9,620	.0	52	.0	52	.0	9,673	.0	.0	.0	322	07/01/2035..	1..
31407Y-R6-8..	FNMA #844809..		09/01/2011..	MBS PMT..		18,687	18,687	18,197	18,590	.0	98	.0	98	.0	18,687	.0	.0	.0	630	11/01/2035..	1..
31408A-EN-6..	FNMA #845341..		09/01/2011..	MBS PMT..		21,531	21,531	21,437	21,516	.0	15	.0	15	.0	21,531	.0	.0	.0	808	01/01/2036..	1..
31408B-2X-5..	FNMA #846890..		09/01/2011..	MBS PMT..		18,999	18,999	18,755	18,973	.0	25	.0	25	.0	18,999	.0	.0	.0	682	12/01/2035..	1..
31408D-UQ-5..	FNMA #848491..		09/01/2011..	MBS PMT..		25,099	25,099	24,612	25,040	.0	59	.0	59	.0	25,099	.0	.0	.0	906	12/01/2035..	1..
31409E-LS-8..	FNMA #868937..		09/01/2011..	MBS PMT..		4,117	4,117	4,167	4,119	.0	(2)	.0	(2)	.0	4,117	.0	.0	.0	177	05/01/2036..	1..
31410K-JY-1..	FNMA #889579..		09/01/2011..	MBS PMT..		</															

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter																						
1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
383766-BS-8.	GNMA 2009-99 A. VIRGINIA COLLEGE BLDG AUTH.		09/01/2011.	MBS PMT.		2,866	2,866	2,912	2,871	0	(4)	0	(4)	0	2,866	0	0	0	65	02/01/2017.	1.	
927781-PS-7.			08/29/2011.	BB&T.		523,085	500,000	500,000	500,000	0	0	0	0	0	500,000	0	23,085	23,085	21,943	02/01/2013.	1FE.	
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...						4,617,736	4,503,415	4,577,368	4,279,079	0	(20,484)	0	(20,484)	0	4,535,563	0	82,173	82,173	154,520	XXX	XXX	
126650-BP-4.	CVS PASS-THROUGH TRUST.		09/10/2011.	SINK.		7,281	7,281	7,448	7,285	0	(5)	0	(5)	0	7,281	0	0	0	293	12/10/2028.	2FE.	
368280-DM-5.	GECMC 2004-C1 A2.		09/01/2011.	MBS PMT.		10,522	10,522	10,294	10,522	0	0	0	0	0	10,522	0	0	0	268	11/01/2011.	12*	
46625M-WW-5.	JPMCC 2003-CB6 A1.		09/01/2011.	MBS PMT.		25,985	25,985	26,209	26,013	0	(28)	0	(28)	0	25,985	0	0	0	759	12/01/2012.	12*	
46625Y-DB-6.	JPMCC 2004-CB8 A3.		08/12/2011.	MBS PMT.		279,154	279,154	275,054	279,154	0	0	0	0	0	279,154	0	0	0	7,454	08/01/2011.	12*	
46625Y-EW-9.	JPMCC 2004-C3 A3.		09/01/2011.	MBS PMT.		17,004	17,004	16,781	16,934	0	70	0	70	0	17,004	0	0	0	580	11/01/2011.	12*	
637432-ML-6.	NATIONAL RURAL UTILITIES.		08/16/2011.	RBCCM.		503,725	500,000	499,500	499,516	0	61	0	61	0	499,577	0	4,148	4,148	7,600	11/01/2015.	1FE.	
929766-C3-5.	WBCMT 2005-C17 A4.		09/27/2011.	JEFF-MTGS.		1,079,531	1,000,000	981,953	989,094	0	1,635	0	1,635	0	990,729	0	88,802	88,802	42,076	02/01/2015.	12*	
3899999 - Bonds - Industrial and Miscellaneous						1,923,202	1,839,946	1,817,238	1,828,517	0	1,734	0	1,734	0	1,830,252	0	92,950	92,950	59,030	XXX	XXX	
8399997 - Bonds - Part 4						7,269,986	7,044,852	7,095,732	6,807,891	0	(18,671)	0	(18,671)	0	7,066,188	0	203,798	203,798	229,461	XXX	XXX	
8399999 - Total - Bonds						7,269,986	7,044,852	7,095,732	6,807,891	0	(18,671)	0	(18,671)	0	7,066,188	0	203,798	203,798	229,461	XXX	XXX	
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
693390-70-0.	PIMCO FDS TOTAL RETURN - INST.		09/29/2011.	MELLON BANK.	263,417.406	2,880,000		2,792,225	2,858,079	(65,854)	0	0	(65,854)	0	2,792,225	0	87,775	87,775	0		L.	
921909-82-6.	VANGUARD DEV MKTS INDEX FUND.		07/28/2011.	VANGUARD FUNDS.	9,708.738	100,000		76,602	96,893	(20,291)	0	0	(20,291)	0	76,602	0	23,398	23,398	0		L.	
922040-10-0.	VANGUARD INSTL INDEX FUND.		09/27/2011.	VANGUARD FUNDS.	24,214.799	2,810,000		2,504,779	2,784,944	(280,165)	0	0	(280,165)	0	2,504,779	0	305,221	305,221	3,778		L.	
922908-87-6.	VANGUARD SMALL CAP INDEX FUND.		09/27/2011.	VANGUARD FUNDS.	113,564.245	3,830,000		3,190,020	3,948,629	(758,609)	0	0	(758,609)	0	3,190,020	0	639,980	639,980	0		L.	
9299999 - Common Stocks - Mutual Funds						9,620,000	XXX	8,563,625	9,688,545	(1,124,920)	0	0	(1,124,920)	0	8,563,625	0	1,056,375	1,056,375	3,778	XXX	XXX	
9799997 - Common Stocks - Part 4						9,620,000	XXX	8,563,625	9,688,545	(1,124,920)	0	0	(1,124,920)	0	8,563,625	0	1,056,375	1,056,375	3,778	XXX	XXX	
9799999 - Total - Common Stocks						9,620,000	XXX	8,563,625	9,688,545	(1,124,920)	0	0	(1,124,920)	0	8,563,625	0	1,056,375	1,056,375	3,778	XXX	XXX	
9899999 - Total - Preferred and Common Stocks						9,620,000	XXX	8,563,625	9,688,545	(1,124,920)	0	0	(1,124,920)	0	8,563,625	0	1,056,375	1,056,375	3,778	XXX	XXX	
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(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues ..... 0 .

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE



**STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Priority Health**

## SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents					0	0	0